



5115 Easley St., Millington, TN 38053 901-872-3600

April 18, 2005

Ms. Marlene H. Dortch  
Office of the Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

*via electronic filing*

**Re: American Cable Association Petition for Rulemaking, RM-11203**

Dear Ms. Dortch:

On behalf of Millington Cable, I write to express our strongest support for ACA's petition for rulemaking on retransmission consent. I operate an independent cable company that serves customers in smaller, rural areas, and I can verify that the petition accurately describes the upcoming retransmission consent crisis. Broadcasters, including those in my markets, have made it clear that they will force us to charge an additional \$5 to \$6 per subscriber per month for basic cable, to cover new demands of cash for carriage. ACA's solution to this problem is pro-competition, pro-consumer, and deregulatory. It will benefit the consumers served by my company and will help keep down the costs of basic cable.

Provided below is some information about my company and why we think the Commission needs to grant ACA's petition.

#### **Company background**

Our company is family owned and operated. We began providing cable service in 1982. We operate one headend serving a total of 6250 customers in rural western Tennessee. We cover a large geographic area with most of our territory being very sparsely populated, composed largely of dairy or crop farm land. Our average customer count per mile is approximately 11.

We are currently investing in upgrading our system. We are in the process of launching digital cable, and will be offering broadband within the year. DBS competition has been a strong competitor in our markets, taking subscribers and making it difficult to increase rates. At the same time, programming costs have increased far ahead of inflation. Within the last five years, the programming costs have escalated rapidly. Customers are becoming disgruntled hearing of rate increases, especially for broadcast channels that can be received off air for free by bypassing our services.

However, they would like to continue to receive local network programming through our facilities.

The broadcasters' demands for several more dollars per month presents a major problem along with their negotiating tactics. For example, some of the terms negotiated with the mega conglomerate Fox Networks have been very difficult to accept. Also, they have lost credibility with our company over multiple issues they verbally promise. When it comes down to putting it on paper the conditions change to our detriment. We had to add an additional channel that we didn't believe provided the quality my subscribers wanted. This has added cost to our programming that could have been avoided if these broadcasters didn't have such power in retransmission consent. At that time, we were also channel locked with no room for additional channels to be added. This put us in a bind to replace facilities sooner than expected, making our company scheduled upgrades fall behind the priority of retransmission consent obligations for one channel. Also, one of the major broadcast stations that we deal with on a local level treated us with a "take it or leave it" attitude. I purposely will keep them nameless because we will have to negotiate with them again soon. As difficult as these negotiations have been, the forecast of the upcoming negotiations look bleak for companies our size. Because our margins are already stretched thin, we have no choice but to pass this cost onto our customers. They will be angry. Some will drop our service. Those that do not will have to pay up to several dollars more for basic cable.

### **Why we support ACA's Petition**

Basically, all that ACA asks for is a right for us to shop and only when a broadcaster demands a price for retransmission consent. In my markets, I know this will work to lower the cost of retransmission consent for my customers.

First, I know that I could obtain network programming at a lower cost from other broadcasters. I can do this by receiving signals from neighboring markets.

Second, if the broadcasters in my market know alternatives exist, I am confident I will be able to negotiate a lower price. That works in every type of transaction, and it will work in retransmission consent.

As stated in the petition, the problem is not that broadcasters demand a "price" for retransmission consent. The problem is that they block our ability to find lower-cost alternatives. The petition shows how this problem will easily cost consumers and smaller cable operators upwards of \$1 billion next year. In my markets, broadcasters' demands will cost my company and our subscribers at least \$280,000 per year.

By making the limited changes requested by ACA, the Commission will bring some market discipline to retransmission consent "pricing." This will help to keep our costs down and will benefit our consumers.

### **Our concern for localism**

As a final point, I want the Commission to know that we support local broadcasting and prefer to carry our local broadcasters. We understand the importance of local programming, but we also understand how much our customers are willing to pay for it. The problem is the higher prices being demanded by more and more owners of these stations. Most often the owners are based in corporate headquarters hundreds or thousands of miles away. Frankly, they don't care about localism. They just want our customers' money.

We fully support a fair exchange of value for carriage of local signals. But when broadcasters demand a "price," we need the ability to "shop" to get a "price" that fairly reflects the value of the signal. Please act on ACA's Petition as soon as you can.

Sincerely,

\_\_\_\_\_/s/\_\_\_\_\_  
Holly Starnes  
President  
Millington CATV, Inc.